Groveland Community Services District

Tuolumne County
Groveland, California

Financial Statements with
Independent Auditor's Report

Year Ended June 30, 2018

GROVELAND
COMMUNITY SERVICES DISTRICT

TUOLUMNE COUNTY
GROVELAND, CALFORNIA

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2018

GROVELAND COMMUNITY SERVICES DISTRICT

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FINANCIAL SECTION

BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Groveland Community Services District
Groveland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Groveland Community Services District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Groveland Community Services District, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1(Q) to the financial statements, effective July 1, 2017, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 3 through 11 and 43 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2018 on our consideration of the Groveland Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 6, 2018

As management of the Groveland Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2018. We encourage the readers to consider the information presented here in conjunction with the District's basic financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements.

- **Government-wide financial statements**, which comprise the first two statements presented, provide both short-term and long-term information about the District's overall financial position. These statements are intended to provide the reader with a broad overview of the District's finances in a manner that is similar to that used by private-sector businesses.

    - The statement of net position presents financial information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

    - The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses may be reported in the current period for some items that will only result in cash flows in future fiscal periods, or for which the cash flows have already occurred.

    - Both the statement of net position and the statement of activities distinguish between two types of activities carried out by the District: governmental activities, which are principally supported by property taxes, and business-type activities, which are intended to recover all or a significant portion of their costs through charges for services. The governmental activities of the District include fire protection and parks and recreation. The business-type activities of the District include water, sewer, and the Davis-Grunsky fund.

- **Fund financial statements.** A fund is a grouping of related accounts that is used to maintain separate accountability for resources that have been segregated for specific activities or objectives. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and the fiduciary fund.

    - **Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on near-term inflows and outflows of spendable resources. Such information may be useful in assessing a government's near-term financial requirements and legal compliance. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation to the governmental fund statements is provided to explain the differences (or relationships) between them.

- **Proprietary funds**—The District's proprietary funds, which are enterprise funds, are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail.

- **Fiduciary fund—**The District is responsible for the administration of the Improvement Districts (Sewer Assessment Districts Nos. 3 and 4) formed under the Municipal Improvement Act of 1911. The District is not obligated to repay the special assessment debt of these special assessment districts. Tuolumne County (County) functions as an agent for the property owners by collecting assessments and forwarding collections to the special assessment debt holders. The County has sufficient funds on hand to pay off these debts.

- **Notes to the financial statements**, which are included in the financial statements, provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

- **Required supplementary information** provides further explanations and additional support for the financial statements. The District's budget to actual comparisons for the year are included for the Fire Protection Fund and the Parks and Recreation Fund (major special revenue funds).

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net Position

Net position over time may serve as a useful indicator of a government's financial position. For the District as a whole, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $10,686,304 as of June 30, 2018. This amount represents the District's net position.

By far, the largest portion (73%) of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, structures and improvements, furnishing and equipment, and vehicles) less any related outstanding debt that was used to acquire those assets. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of $2,928,730 is unrestricted and may be used to meet the District's ongoing obligations.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets and other assets	$ 1,459,124	$ 1,398,916	$ 6,661,971	$ 6,003,743	$ 8,121,095	$ 7,402,659
Capital assets	712,574	718,374	13,542,953	13,914,741	14,255,527	14,633,115
Total assets	2,171,698	2,117,290	20,204,924	19,918,484	22,376,622	22,035,774
Total deferred outflows of resources	39,661	9,696	1,095,025	731,730	1,134,686	741,426
Long-term liabilities	179,203	327,464	12,158,515	11,016,403	12,337,718	11,343,867
Other liabilities	7,743	50,578	346,869	550,540	354,612	601,118
Total liabilities	186,946	378,042	12,505,384	11,566,943	12,692,330	11,944,985
Total deferred inflows of resources	7,113	1,958	125,561	95,019	132,674	96,977
Net position:						
Net investment in capital assets	712,574	718,374	7,045,000	6,701,369	7,757,574	7,419,743
Unrestricted	1,304,726	1,028,612	1,624,004	2,286,883	2,928,730	3,315,495
Total net position	$ 2,017,300	$ 1,746,986	$ 8,669,004	$ 8,988,252	$ 10,686,304	$ 10,735,238

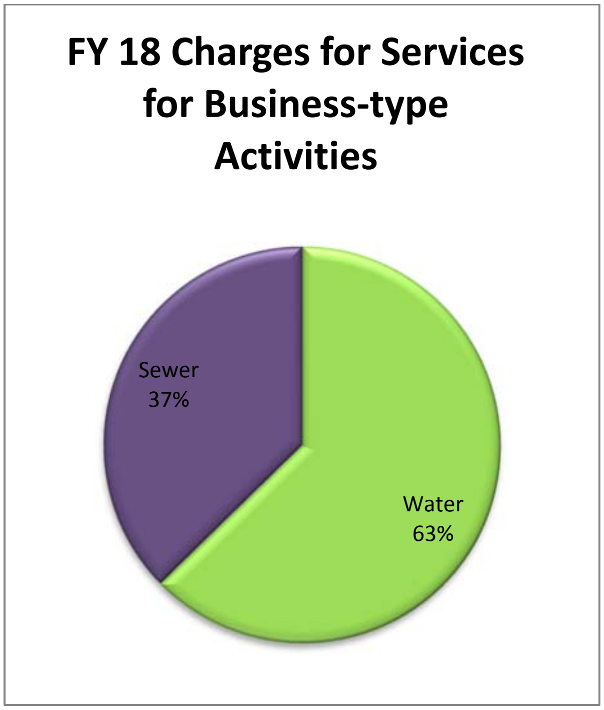
Changes in Net Position

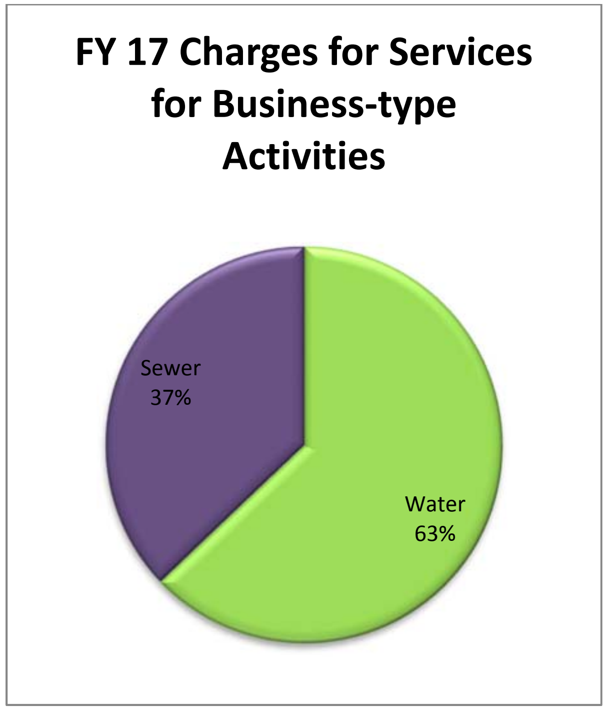
The net position of the District as a whole was $10,686,304 as of June 30, 2018. This is an overall decrease in net position of $48,934 from the prior year. Net position increased by $1,122,785 over the previous fiscal year as a direct result of positive earnings from operating and nonoperating activities, but decreased by $1,171,719 due to the cumulative effect of changes in accounting principles for the implementation of Government Accounting Standards Board Statement No. No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. It requires employers to report a net OPEB liability for the difference between the present value of projected OPEB benefits for past service and restricted resources held in trust for the payment of benefits. GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

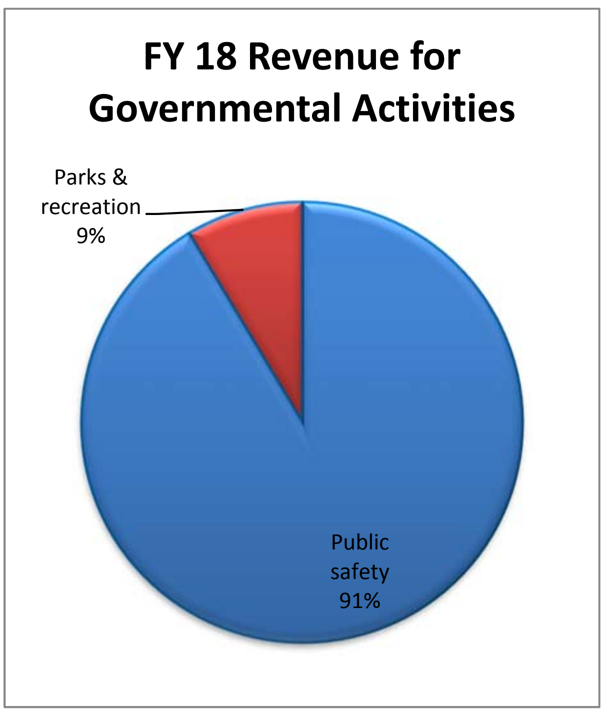
Governmental activities - The net position for governmental activities as of June 30, 2018 was $2,017,300. This is an overall increase in net position of $270,314 from the prior year. Although the economic downturn of the recent past years has had an impact on the District's property tax revenue, management has taken various actions to reduce expenses to neutralize the effect on governmental activities. Property values have once again begun to increase, and therefore, property tax revenue increased by 4.8%, $51,787 in FY2018.

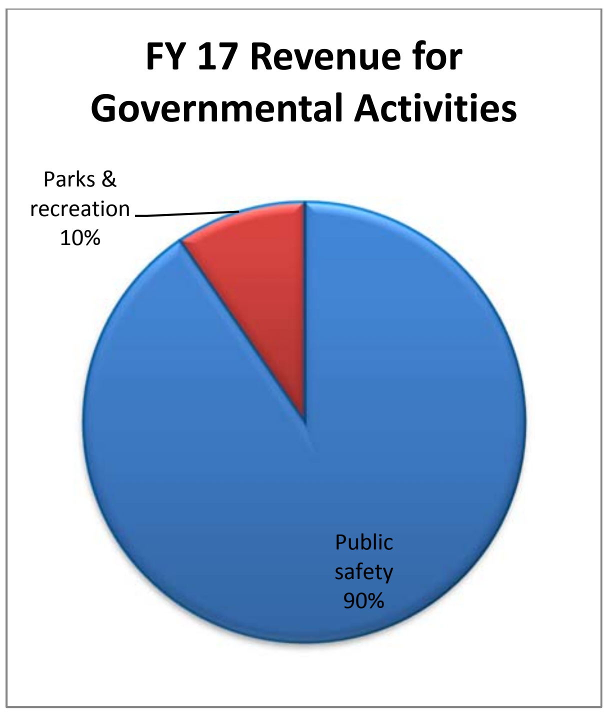
Business-type activities— For the District's business-type activities the net position as of June 30, 2018 was $8,669,004. This is an overall decrease in net position of $319,248 from the prior year. Total revenues decreased from $5,936,242 to $5,438,069. The decrease is due primarily to state grant revenue of $843,971 which recognized during the prior fiscal year ended 2018. The state grants were awarded to assist the District in financing upgrades to a wastewater lift station (Lift Station #16) and the Planning Grant for the Downtown Groveland/Big Oak Flat Project, which will enable the District to apply for a Construction Grant /Loan for said project. The related costs associated with the Lift Station and Planning Grant are included in capital assets and are depreciated (expensed) annually over its useful life.

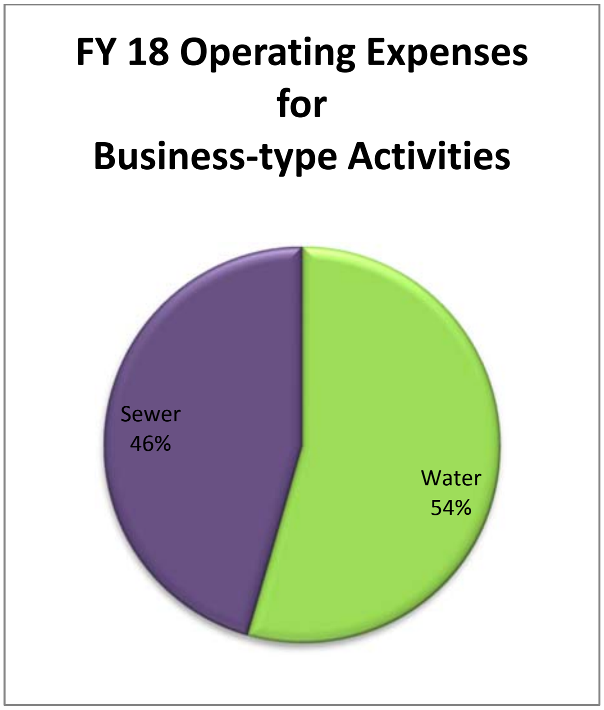
	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Program revenues:						
Charges for services	$ 1,845	$ 1,980	$ 5,027,611	$ 5,031,269	$ 5,029,456	$ 5,033,249
Capital grants and contributions	-	-	384,699	868,469	384,699	868,469
General revenues:						
Property taxes	1,130,133	1,078,346	3,666	22,701	1,133,799	1,101,047
Interest income	2,056	4,916	15,641	12,917	17,697	17,833
Other revenues	69,535	54,077	6,452	886	75,987	54,963
Total revenues	1,203,569	1,139,319	5,438,069	5,936,242	6,641,638	7,075,561
Expenses:						
Public safety	1,024,815	1,148,932	-	-	1,024,815	1,148,932
Parks and recreation	109,500	96,952	-	-	109,500	96,952
Water	-	-	2,420,904	2,676,791	2,420,904	2,676,791
Davis-Grunsky	-	-	217	356	217	356
Sewer	-	-	1,963,312	1,903,871	1,963,312	1,903,871
Total expenses	1,134,315	1,245,884	4,384,433	4,581,018	5,518,748	5,826,902
Change in net position	69,254	(106,565)	1,053,636	1,355,224	1,122,890	1,248,659
Net position - beginning, as restated	1,948,046	1,853,551	7,615,368	7,633,028	9,563,414	9,486,579
Net position - ending	$ 2,017,300	$ 1,746,986	$ 8,669,004	$ 8,988,252	$ 10,686,304	$ 10,735,238


FY 18 Charges for Services for Business-type Activities
Sewer 37%
Water 63%

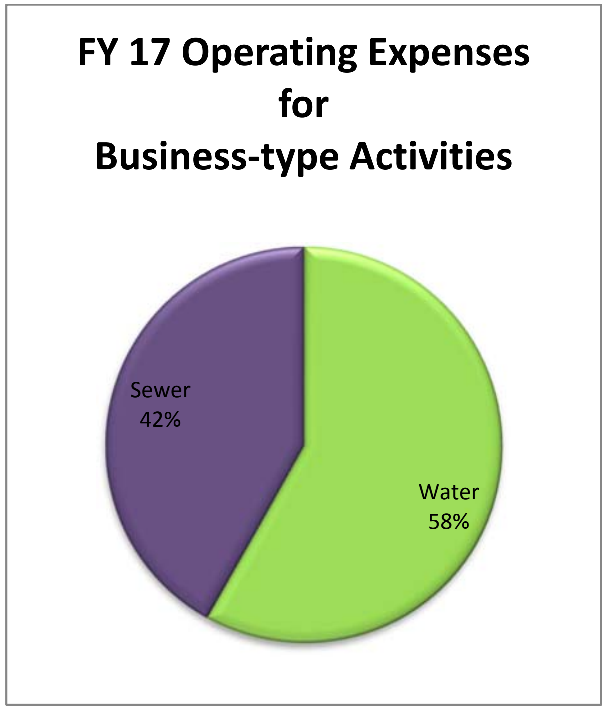

FY 17 Charges for Services for Business-type Activities
Sewer 37%
Water 63%


FY 18 Revenue for Governmental Activities
Parks & recreation 9%
Public safety 91%

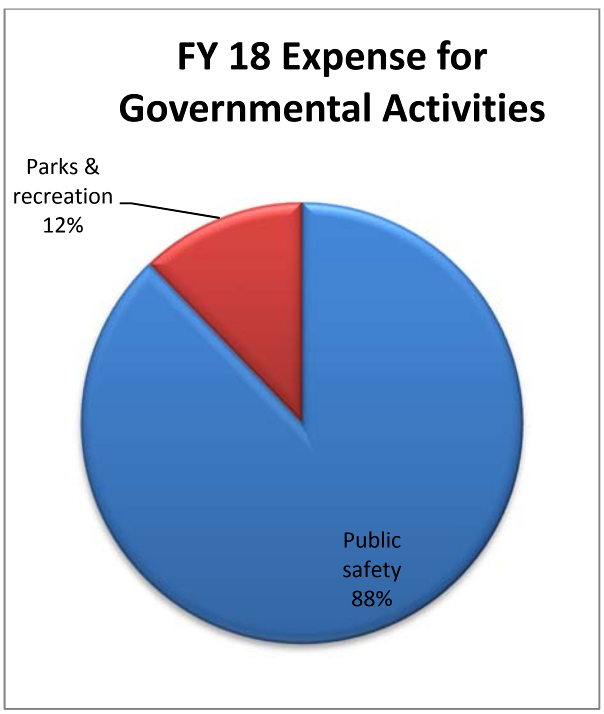

FY 17 Revenue for Governmental Activities
Parks & recreation 10%
Public safety 90%



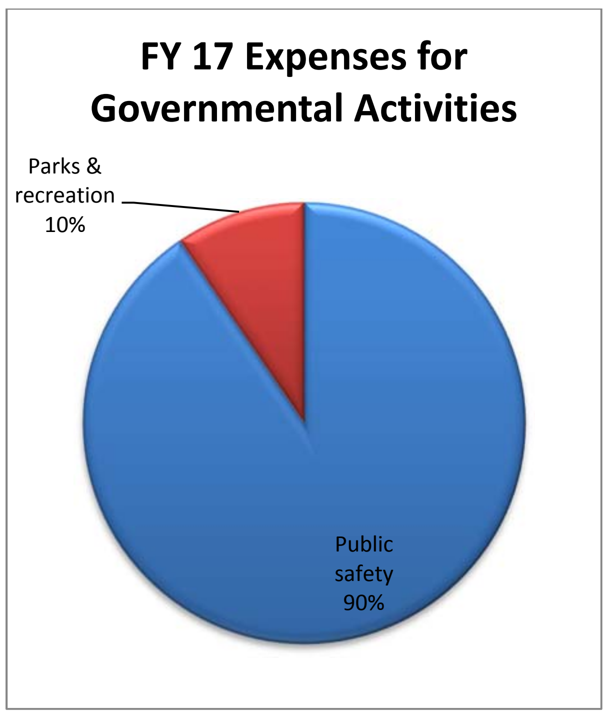
FY 18 Operating Expenses for Business-type Activities
Sewer 46%
Water 54%



FY 17 Operating Expenses for Business-type Activities
Sewer 42%
Water 58%



FY 18 Expense for Governmental Activities
Parks & recreation 12%
Public safety 88%



FY 17 Expenses for Governmental Activities
Parks & recreation 10%
Public safety 90%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Changes in Net Fund Balance/Net Position

Governmental fund balances—Although the economic downturn has had an impact on the District's property tax revenue, management has taken various actions to reduce expenses to neutralize the effect on governmental activities. The District entered into a contractual agreement with CAL Fire for the operation of the fire department that began April 1, 2013. A special benefit assessment for the fire department expired in June 2012, resulting in a reduced funding level for the fire department. However, through the contract with CAL Fire, the District has continued to be able to reduce costs of operations while maintaining a full time fire protection service.

The **Water Fund** generated operating income of $969,907 and a net decrease from nonoperating activities of $7,389 for a total increase in net position of $962,518. The primary nonoperating items were the state revenue of $201,867 and interest expense of $194,357 on long-term debt.

The **Sewer Fund** generated operating income of $25,355 and a net increase from nonoperating activities of $62,291 for a total increase in net position of $87,646. The primary nonoperating items were state revenue of $175,347 and interest expense of $96,567 on long-term debt.

	2018	2017	Increase (Decrease)
Governmental Fund Balance:			
Fire protection	$ 1,289,056	$ 1,155,251	$ 133,805
Parks and recreation	162,325	193,087	(30,762)
Enterprise Net Position:			
Water	4,984,331	4,021,813	962,518
Davis-Grunsky	4,932	1,460	3,472
Sewer	3,679,741	3,592,095	87,646

CAPITAL ASSETS

At June 30, 2018 the District has invested $14,255,527 in capital assets. This amount represents a net decrease of $377,588 from last year. The decrease in capital assets was primarily a result of $1,017,168 due to the annual depreciation expense offset by capital asset additions of $639,580. The most significant additions to the capital assets during this fiscal year were one new and one replacement vehicle, a new park playground structure and safety surfacing, operations building improvements, and the purchase of water quality monitoring equipment. In addition, the increase of $462,292 in Construction in Progress is due to the design and installation of the Alternate Water Supply (AWS) Tank 2 booster pump design and installation, as well as investments in completion of the water and sewer system planning projects further described in the Factors Bearing on the Future of the District section.

	2018	2017	Increase (Decrease)
Land	$ 468,436	$ 468,436	$ -
Structures and improvements	32,158,186	32,129,025	29,161
Furniture and equipment	2,708,416	2,597,059	111,357
Vehicles	1,382,285	1,345,515	36,770
Construction in progress	1,026,962	564,670	462,292
Accumulated depreciation	(23,488,758)	(22,471,590)	(1,017,168)
Total	$ 14,255,527	$ 14,633,115	$ (377,588)

LONG-TERM DEBT

At June 30, 2018, the District has $12,337,718 in long-term debt, including the net pension liability and net OPEB liability. The changes to long-term debt are primarily attributable to scheduled principal payments and the change in the net pension liability and net OPEB liability.

The District provides pension benefits to its employees through the Groveland Community Services District Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. Qualified employees are covered under the Miscellaneous 2.7% at 55 for classic employees and 2% at 62 for PEPRA employees in the Risk Pool (the Plan). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. As of June 30, 2018, the District's proportionate share of the Plan's net pension liability was $2,420,627, which is determined by an actuary annually.

The District has established a retiree healthcare plan that provides other postemployment health, dental, and vision care benefits for eligible retired employees and their dependents through the retiree healthcare plan (the Plan). The District, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Trust (CERBT) fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the District. As of June 30, 2018, the District's net OPEB liability was $2,122,681 which is determined by an actuary annually.

	2018	2017	Increase (Decrease)
Installment sales agreements and bonds, net	$ 7,665,372	$ 8,371,007	$ (705,635)
Net OPEB obligation	2,122,681	696,313	1,426,368
Compensated absences	80,041	69,374	10,667
Net pension liability	2,420,627	2,120,274	300,353
Other long-term debt	48,997	86,899	(37,902)
Total	$ 12,337,718	$ 11,343,867	$ 993,851

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, factors affecting the District's future included:

The District continued its contract with Cal Fire for the operation of the Fire Department has again concluded end of year with allocated revenue in excess of actual expenses. The community experienced enhanced services with the expanded Cal Fire contract to include year round staffing of the seasonal Fire Station (Station B). The District budgets for the estimated maximum cost of its share of operating Station B; which is funded under an agreement with CalFire in accordance with the Amador Plan. On occasion, such as this fiscal year, the state fire season was extended which resulted in their payment of the entire cost of Station B operations. In future years when the District actually has to pay its portion of the Station B operation, Fire Department (Governmental Fund) reserves will be necessary to balance revenue and expenses in accordance with current revenue and contracted expenses.

The District is in the process of planning a large scale Water System Replacement Project which will improve the water distribution lines in the Groveland- Big Oak Flat area. This planning grant was awarded to the District in the amount of $355,000 and which has been increased to $405,000 due to a grant contract amendment resulting from additional necessary design and environmental review work. The planning process will result in engineered plans and specifications, state permits and environmental approvals necessary to apply to the state for construction funding, and to build the project should adequate grant and/or loan funding be awarded. A state funding application for $2 million has been submitted for the rehabilitation of two clear well water storage tanks, and the District is awaiting a grant/loan commitment to allow the project to proceed.

The District is in the process of planning a large scale Sewer System Replacement Project which will improve the sewer collection lines in various locations throughout the District's sewer system. This planning grant was awarded to the District in the amount of $399,000 and the final renovation plan will be completed in the fiscal year ending 2019. The planning process will result in draft engineered plans and specifications, state permits and environmental approvals necessary to apply to the state for construction funding, and to build the project should adequate grant and/or loan funding be awarded. A funding application for up to $6 million to repair and rehabilitate the Sewer collection system is expected to be submitted to the state by June 30, 2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, ratepayers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Peter Kampa, General Manager, Groveland Community Services District, 18966 Ferretti Rd, Groveland, CA 95321.

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS:			
Cash and equivalents	$ 1,369,011	$ 4,675,888	$ 6,044,899
Restricted cash and equivalents		1,025,451	1,025,451
Accounts receivable	32,441	953,760	986,201
Taxes receivable	64,544		64,544
Internal balances	(6,872)	6,872	
Depreciable capital assets (net)	651,993	12,108,136	12,760,129
Nondepreciable capital assets	60,581	1,434,817	1,495,398
Total assets	2,171,698	20,204,924	22,376,622
DEFERRED OUTFLOW OF RESOURCES:			
Deferred outflow of resources related to pensions	30,164	647,154	677,318
Deferred outflows of resources related to OPEB	9,497	271,351	280,848
Deferred amount on debt refunding		176,520	176,520
Total deferred outflow of resources	39,661	1,095,025	1,134,686
LIABILITIES:			
Accounts payable and accrued liabilities	7,543	178,751	186,294
Interest payable		140,463	140,463
Deposits payable	200	27,655	27,855
Long-term liabilities, due within one year	3,201	846,310	849,511
Long-term liabilities, due in more than one year		6,944,899	6,944,899
Net OPEB obligation, due in more than one year	93,856	2,028,825	2,122,681
Net pension liability, due in more than one year	82,146	2,338,481	2,420,627
Total liabilities	186,946	12,505,384	12,692,330
DEFERRED INFLOW OF RESOURCES:			
Deferred inflow of resources related to pensions	7,113	125,561	132,674
NET POSITION:			
Net investment in capital assets	712,574	7,045,000	7,757,574
Unrestricted	1,304,726	1,624,004	2,928,730
Total net position	$ 2,017,300	$ 8,669,004	$ 10,686,304

The accompanying notes are an integral part of these financial statements.

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities:						
Public safety	$ 1,024,815			$ (1,024,815)		$ (1,024,815)
Parks and recreation	109,500	$ 1,845		(107,655)		(107,655)
Total Governmental Activities	1,134,315	1,845		(1,132,470)		(1,132,470)
Business-type Activities:						
Water	2,420,904	3,165,584	$ 201,867		$ 946,547	946,547
Davis-Grunsky	217				(217)	(217)
Sewer	1,963,312	1,862,027	182,832		81,547	81,547
Total Business-type Activities	4,384,433	5,027,611	384,699		1,027,877	1,027,877
Total Primary Government	$ 5,518,748	$ 5,029,456	$ 384,699	(1,132,470)	1,027,877	(104,593)
General Revenues:						
Property taxes				1,130,133	3,666	1,133,799
Interest earnings				2,056	15,641	17,697
Other revenue				69,535	6,452	75,987
Total general revenues				1,201,724	25,759	1,227,483
Change in net position				69,254	1,053,636	1,122,890
Net position - beginning, as restated				1,948,046	7,615,368	9,563,414
Net position - ending				$ 2,017,300	$ 8,669,004	$ 10,686,304

The accompanying notes are an integral part of these financial statements.

GROVELAND COMMUNITY SERVICES DISTRICT

BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Fire Protection	Parks and Recreation	Total Governmental Funds
ASSETS:			
Cash and equivalents	$ 1,190,502	$ 178,509	$ 1,369,011
Taxes receivable	59,380	5,164	64,544
Accounts receivable	32,441		32,441
Due from other funds	9,068		9,068
Total assets	$ 1,291,391	$ 183,673	$ 1,475,064
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 2,335	$ 5,208	$ 7,543
Deposits payable		200	200
Due to other funds		15,940	15,940
Total liabilities	2,335	21,348	23,683
Fund balances:			
Committed for fire protection	1,289,056		1,289,056
Committed for parks and recreation		162,325	162,325
Total fund balances	1,289,056	162,325	1,451,381
Total liabilities and fund balances	$ 1,291,391	$ 183,673	$ 1,475,064

GROVELAND COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION JUNE 30, 2018

Total fund balance, governmental funds	$ 1,451,381
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount, net of accumulated depreciation, included in the statement of net position.	712,574
In the governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the governmental activities statement of net position, deferred outflow and inflows of resources are reported as follows:	
Deferred outflow of resources related to pensions	30,164
Deferred inflow of resources related to pensions	(7,113)
Deferred outflow of resources related to OPEB	9,497
Compensated absences, net OPEB liability and the net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities are included in the governmental activities in the statement of net position.	(179,203)
Total net position, governmental activities	$ 2,017,300

The accompanying notes are an integral part of these financial statements.

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	Fire Protection	Parks and Recreation	Total Governmental Funds
REVENUES:			
Property taxes	$ 1,039,722	$ 90,411	$ 1,130,133
Interest earnings	1,704	352	2,056
Charges for services		1,845	1,845
Other revenues	59,099	10,436	69,535
Total revenues	1,100,525	103,044	1,203,569
EXPENDITURES:			
Public safety	966,720		966,720
Parks and recreation		85,293	85,293
Capital outlay		48,513	48,513
Total expenditures	966,720	133,806	1,100,526
Net change in fund balance	133,805	(30,762)	103,043
Fund balances - beginning of year	1,155,251	193,087	1,348,338
Fund balances - end of year	$ 1,289,056	$ 162,325	$ 1,451,381

GROVELAND COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds		$ 103,043
Amounts reported for governmental activities and in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay expenditures are added back to fund balances	$ 48,513	
Depreciation expense not reported in governmental funds	(54,313)	(5,800)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on an accrual basis. The difference between accrual basis pension costs and employer contributions was:		(28,065)
In governmental funds, retiree benefit costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are measured on an accrual basis. The difference between accrual basis OPEB costs and employer contributions was:		1,160
Increases/decreases in compensated absences are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, changes in compensated absences are recognized as expenses.		(1,084)
Change in net position of governmental activities		$ 69,254

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	Totals
ASSETS:				
Cash and equivalents	$ 3,209,295	$ 18,599	$ 1,447,994	$ 4,675,888
Restricted cash and equivalents	697,147		328,304	1,025,451
Due from other funds			31,949	31,949
Accounts receivable	344,550	190	609,020	953,760
Depreciable capital assets (net)	7,386,349		4,721,787	12,108,136
Nondepreciable capital assets	608,136		826,681	1,434,817
Total assets	12,245,477	18,789	7,965,735	20,230,001
DEFERRED OUTFLOW OF RESOURCES:				
Deferred outflow of resources related to pensions	367,548		279,606	647,154
Deferred outflow of resources related to OPEB	148,322		123,029	271,351
Deferred amount on debt refunding	176,520			176,520
Total deferred outflow of resources	692,390		402,635	1,095,025
LIABILITIES:				
Accounts payable and accrued liabilities	112,734		66,017	178,751
Due to other funds	25,077			25,077
Interest payable	94,158		46,305	140,463
Deposits payable	26,155		1,500	27,655
Long-term liabilities, due within one year	541,878	4,074	300,358	846,310
Long-term liabilities, due in more than one year	4,630,116	9,783	2,305,000	6,944,899
Net OPEB Obiligation, due in more than one year	1,108,588		920,237	2,028,825
Net pension liability, due in more than one year	1,344,144		994,337	2,338,481
Total liabilities	7,882,850	13,857	4,633,754	12,530,461
DEFERRED INFLOW OF RESOURCES:				
Deferred inflow of resources related to pensions	70,686		54,875	125,561
NET POSITION:				
Net investment in capital assets	3,703,228		3,341,772	7,045,000
Unrestricted	1,281,103	4,932	337,969	1,624,004
Total net position	$ 4,984,331	$ 4,932	$ 3,679,741	$ 8,669,004

The accompanying notes are an integral part of these financial statements.

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-type Activities Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	Totals
OPERATING REVENUES:				
Charges for services	$ 3,100,013		$ 1,845,519	$ 4,945,532
Other	65,571		16,508	82,079
Total operating revenues	3,165,584		1,862,027	5,027,611
OPERATING EXPENSES:				
Salaries and wages	537,275		548,946	1,086,221
Payroll expenses	401,588		354,112	755,700
Utilities	266,587		93,517	360,104
Supplies, equipment, and materials	143,100		93,557	236,657
Repairs and maintenance	142,736		62,503	205,239
Professional services	101,550		63,675	165,225
Licenses and permits	6,984		35,471	42,455
Insurance	27,161		27,823	54,984
Miscellaneous	25,388		11,574	36,962
Communications	5,796		5,431	11,227
Employee development	20,724		24,676	45,400
Advertising, postage, and printing	19,375		8,498	27,873
Janitorial	7,298		7,298	14,596
Rents and leases	7,675			7,675
Memberships, dues, and subscriptions	3,452		3,613	7,065
Depreciation	478,988		495,978	974,966
Total operating expenses	2,195,677		1,836,672	4,032,349
Operating income	969,907		25,355	995,262
NONOPERATING REVENUES (EXPENSES):				
Property taxes		$ 3,666		3,666
Federal revenue			$ 7,485	7,485
State revenue	201,867		175,347	377,214
Interest earnings	9,519	23	6,099	15,641
Interest expense	(194,357)	(217)	(96,567)	(291,141)
Gain on disposal of capital assets	25			25
Amortization	(29,314)			(29,314)
Other expenses	(1,556)		(30,073)	(31,629)
Other income	6,427			6,427
Total nonoperating revenues (expenses)	(7,389)	3,472	62,291	58,374
Change in net position	962,518	3,472	87,646	1,053,636
Net position - beginning, as restated	4,021,813	1,460	3,592,095	7,615,368
Net position - ending	$ 4,984,331	$ 4,932	$ 3,679,741	$ 8,669,004

The accompanying notes are an integral part of these financial statements.

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-type Activities Enterprise Funds			
	Water Fund	Davis-Grunsky Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 3,168,989		$ 2,025,359	$ 5,194,348
Cash payments to suppliers for goods and services	(951,273)		(448,491)	(1,399,764)
Cash payments to/on behalf of employees	(865,555)		(832,863)	(1,698,418)
Net cash provided by operating activities	1,352,161		744,005	2,096,166
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from grants	201,867		182,832	384,699
Cash received from taxes and assessments		$ 3,476		3,476
Cash received from other nonoperating	6,452			6,452
Cash payments for other nonoperating	(1,655)		(30,072)	(31,727)
Net cash provided by non-capital and related financing activities	206,664	3,476	152,760	362,900
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(343,085)		(260,093)	(603,178)
Interest paid on long-term debt	(203,184)	(217)	(99,942)	(303,343)
Principal paid on long-term debt	(480,635)	(3,974)	(258,928)	(743,537)
Net cash used by capital and related financing activities	(1,026,904)	(4,191)	(618,963)	(1,650,058)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	9,519	23	6,099	15,641
Net increase (decrease) in cash and cash equivalents	541,440	(692)	283,901	824,649
Cash and cash equivalents - beginning of year	3,365,002	19,291	1,492,397	4,876,690
Cash and cash equivalents - end of year	$ 3,906,442	$ 18,599	$ 1,776,298	$ 5,701,339
RECONCILIATION TO THE STATEMENT OF NET POSITION:				
Cash and equivalents	$ 3,209,295	$ 18,599	$ 1,447,994	$ 4,675,888
Restricted cash and equivalents	697,147		328,304	1,025,451
Cash and cash equivalents - end of year	$ 3,906,442	$ 18,599	$ 1,776,298	$ 5,701,339

(Continued)

GROVELAND COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018
(Continued)

	Business-type Activities Enterprise Funds			
	Water Fund	**Davis-Grunsky Fund**	**Sewer Fund**	**Totals**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income	$ 969,907		$ 25,355	$ 995,262
Reconciliation of operating income to net cash provided (used) by operating activities				
Depreciation expense	478,988		495,978	974,966
(Increase) decrease in:				
Accounts receivable	6,079		163,332	169,411
Due from other funds	(3,826)			(3,826)
Deferred outflows of resources	(208,474)		(184,135)	(392,609)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(172,410)		(16,387)	(188,797)
Due to other funds			1,026	1,026
Deposits payable	(2,674)			(2,674)
Compensated absences	7,306		2,278	9,584
Net pension liability	127,475		129,500	256,975
Net OPEB obligation	134,639		111,667	246,306
Deferred inflows of resources	15,151		15,391	30,542
Net cash provided by operating activities	$ 1,352,161	$	$ 744,005	$ 2,096,166

1. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING POLICIES

The basic financial statements of the Groveland Community Services District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The District was formed in 1953, pursuant to the Community Services District Law of the State of California (Division 2 of Title 6 of the Government Code, Section 61600). The District provides water, sewer, fire, and park services throughout the District. The District's financial and administrative functions are governed by a Board of Directors (the Board) elected by the voting population within the District. The District is a separate legal reporting entity in Tuolumne County.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

C. BASIS OF PRESENTATION

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which the governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Certain indirect expenses are allocated to the funds based on relative percentages. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. BASIS OF PRESENTATION

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Proprietary uses the accrual basis of accounting.

Expenses/Expenditures – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available for use, it is the District's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications - committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

E. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major funds as follows:

Major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes. The District maintains the following major special revenue funds:

The **Fire Protection Fund** is used to account primarily for property taxes allocated for fire protection services throughout the District.

The **Parks and Recreation Fund** is used to account primarily for property taxes allocated for recreation services throughout the District.

Major Proprietary Funds

Proprietary Funds – Enterprise Funds are used to account for a government's ongoing operation and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges. The District maintains the following major proprietary funds:

The **Water Fund** is used to account for all activity associated with water services throughout the District.

The **Davis-Grunsky Fund** is used to account for all activity associated with the Davis-Grunsky loans.

The **Sewer Fund** is used to account for all activity associated with waste water services throughout the District.

F. BUDGET AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all of the District's governmental funds. By State Law, the Board must approve a tentative budget no later than June 30 and adopt a final budget no later than August 31. A public hearing must be conducted to receive comments prior to adoption.

These budgets are revised by the Board during the fiscal year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the Fire Protection and Parks and Recreation funds are presented as required supplementary information in these financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

H. CASH AND EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

I. CAPITAL ASSETS

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of $2,500. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are as follows:

Structures and Buildings	20-50 years
Improvements	10-50 years
Furnishings and Equipment	3-10 years
Vehicles	5-20 years

J. DEFERRED OUTFLOW/INFLOWS OF RESOURCES

In addition to assets, liabilities and net position, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred amount on debt refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as deferred outflows of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

Contributions made to the District's pension and OPEB plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and total OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Notes 5 and 6 for further details related to these pension and OPEB deferred outflows and inflows.

K. PENSIONS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2017 (June 30, 2017)
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

M. COMPENSATED ABSENCES

An employee accumulates vacation and sick leave time in accordance with the personnel policies handbook. Vacation and sick time vested and accrued depends on years of service and date of hire by the District. Vacation may be accumulated up to 8 weeks and is paid in full upon termination or retirement. Employee can accumulate up to 300 hours of sick leave, but unused sick leave is compensable at one half the total sick time accrued upon termination or retirement.

N. FUND BALANCES

Committed fund balances are set aside for specific purposes by the District's highest level of decision-making authority (the Board) pursuant to formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use through the same type of formal action taken to establish the commitment.

O. PROPERTY TAXES

The District receives property taxes from the County of Tuolumne (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible accounts. The County, in return, receives all penalties and interest on the related delinquent taxes.

P. LONG-TERM OBLIGATIONS

The District reports long-term obligations of governmental funds at face value in the government-wide financial statements. Long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements and the government-wide financial statements.

Q. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2018, the District implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. It requires employers to report a net OPEB liability for the difference between the present value of projected OPEB benefits for past service and restricted resources held in trust for the payment of benefits. GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 6 explains the effect of the implementation of GASB 75.

Since GASB 75 requires retroactive application, the net OPEB liability offset by the related deferred outflow of resources and prior recognized OPEB liabilities as of June 30, 2017 reduces the beginning net position for the fiscal year ended June 30, 2018. As a result of this change in accounting principles, for the year ended June 30, 2018, beginning net position was restated as follows:

Description	Amount
Governmental activities - increase	$ 201,060
Water fund - decrease	(740,322)
Sewer fund – decrease	(632,458)
Total restatement related to GASB 75	$ (1,171,719)

2. CASH AND EQUIVALENTS

Cash and equivalents as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and equivalents	$	6,044,899
Restricted cash and equivalents		1,025,451
Total cash and equivalents	$	7,070,350

Cash and equivalents as of June 30, 2018, consist of the following:

Cash with financial institutions	$	2,339,659
Cash on hand		500
Cash and equivalents with LAIF		59
Money market		4,730,132
Total cash and equivalents	$	7,070,350

Local Agency Investment Fund

The District is a voluntary participant the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. Separate complete financial statements are available at P.O. Box 942809, Sacramento, CA 94209-0001.

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized per the District's investment policy and allowed per the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Reverse Repurchase Agreements & Securities Lending Agreements	92 days	20 % of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$50 Million

Investments Authorized by Debt Agreements

Investments held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by trustees. The table also identifies certain provisions of the debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	$50 million
U.S. Treasury Obligations/Bills	5 years	None	None
Bank Savings Account	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None
Money Market Accounts	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has no investments that are highly sensitive to interest rate fluctuations.

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments (other than U.S. Treasury securities, mutual funds, and external investment pools) in any one issuer that represents 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amounts deposited by the public agencies.

District deposits held with financial institutions and with fiscal agents in excess of federal depository insurance limits are in accounts collateralized by securities held by the pledging financial institution that total $6,807,850.

3. CAPITAL ASSETS

Governmental Activities:

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 48,044			$ 48,044
Construction in Progress	36,681	$ (24,144)		12,537
Total capital assets, not being depreciated	84,725	(24,144)		60,581
Capital assets, being depreciated:				
Structures and improvements	1,248,436			1,248,436
Furnishings & Equipment	232,328	72,657		304,985
Vehicles	699,754			699,754
Total capital assets, being depreciated	2,180,518	72,657		2,253,175
Total accumulated depreciation	(1,546,869)	(54,313)		(1,601,182)
Total capital assets, being depreciated, net	633,649	18,344		651,993
Governmental activities capital assets, net	$ 718,374	$ (5,800)	$	$ 712,574

For the year ended June 30, 2018, depreciation expense was charged to functions as follows:

Governmental activities:	
Public safety	$ 31,266
Parks and recreation	23,047
Total depreciation expense	$ 54,313

Business-Type Activities:

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 420,392			$ 420,392
Construction in progress	527,989	$ 497,493	$ (11,057)	1,014,425
Total capital assets, not being depreciated	948,381	497,493	(11,057)	1,434,817
Capital assets, being depreciated:				
Structures and improvements	30,880,589	29,161		30,909,750
Equipment	2,364,731	40,200	(1,500)	2,403,431
Vehicles	645,761	48,882	(12,112)	682,531
Total capital assets, being depreciated	33,891,081	118,243	(13,612)	33,995,712
Total accumulated depreciation	(20,924,721)	(974,966)	12,111	(21,887,576)
Total capital assets, being depreciated, net	12,966,360	(856,723)	(1,501)	12,108,136
Business-type activities capital assets, net	$ 13,914,741	$ (359,230)	$ (12,558)	$ 13,542,953

4. LONG-TERM DEBT

Long-term liability activity for the governmental activities the year ended June 30, 2018 was as follows:

Governmental Activities	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due within one year
Compensated absences	$ 2,118	$ 1,083		$ 3,201	$ 3,201
Total	$ 2,118	$ 1,083	$	$ 3,201	$ 3,201

Long-term liability activity for the business-type activities the year ended June 30, 2018 was as follows:

Business-type Activities	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Due within one year
February 2014 Revenue Refunding Bonds	$ 3,275,973		$ (261,186)	$ 3,014,787	$ 270,807
June 2014 Revenue Refunding Bond	2,760,000		(225,000)	2,535,000	230,000
2013 Installment Sales Agreement	2,335,034		(219,449)	2,115,585	229,449
Davis-Grunsky Act loans	17,831		(3,974)	13,857	4,074
Capital lease	69,068		(33,928)	35,140	35,140
Compensated absences	67,256	$ 9,584		76,840	76,840
Total	$ 8,525,162	$ 9,584	$ 743,537	$ 7,791,209	$ 846,310

The District entered into an Installment Sale Agreement, dated February 1, 2013 (2013 Installment Sale Agreement) in the amount of $3,117,831, with an interest rate of 3.7%, to refund the 1998 Installment Sale Agreement causing the prepayment by the Groveland/Tuolumne Financing Authority of all of the outstanding Groveland/ Tuolumne Financing Authority Groveland Capital Facilities Refunding Revenue Bonds Issue of 1998 (1998 Bonds.) Payments are due semiannually on July 10 and January 10. Final maturity is on January 10, 2026.

The District issued the Water Revenue Refunding Bonds, Series 2014, dated February 1, 2014 (February 2014 Revenue Refunding Bonds) in the amount of $4,024,000, with an interest rate of 3.65%, to refund the May 2007 Installment Sale Agreement. Payments are due semiannually on July 10 and January 10. Final maturity is on July 10, 2027.

The District issued the Wastewater Revenue Refunding Bonds, Series 2014, dated June 1, 2014 (June 2014 Revenue Refunding Bond) in the amount of $3,450,000, with an interest rate of 3% through July 10, 2022 and then 4.15% through July 10, 2027, to refund the June 2007 Installment Sales Agreement. Payments are due semiannually on July 10 and January 10. Final maturity is on July 10, 2027.

Other Long-Term Debt

The District entered into a David-Grunsky Act Loan in the amount of $102,000 with an interest rate of 2.5%, payable semiannually, principal payable annually on December 1. Final maturity is on December 1, 2021. As of June 30, 2018, the principal balance was $13,857.

The District entered into a capital lease in the amount of $169,850 with an interest rate of 4%. Principal and interest are payable annually with final maturity on September 1, 2018.

Annual debt service requirements for the business-type activities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Totals
2019	$ 769,470	$ 274,062	$ 1,043,532
2020	764,406	255,756	1,020,162
2021	791,178	220,389	1,011,567
2022	811,295	202,149	1,013,444
2023	842,413	164,258	1,006,671
2024-2028	3,735,607	344,469	4,080,076
Total	$ 7,714,369	$ 1,461,083	$ 9,175,452

5. DEFINED BENEFIT PENSION PLAN

The District provides pension benefits to its employees through the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan, a public agency cost-sharing multiple-employer defined benefit pension plan. CalPERS is an agency of the State of California. Qualified employees are covered under the Miscellaneous 2.7% at 55 for classic employees and 2% at 62 for PEPRA employees in the Risk Pool (the Plan). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and a minimum of five years of CalPERS-credited service. Members after January 1, 2013 must be at least 52.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plans allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's required contribution rate on covered payroll for the measurement period ended June 30, 2017 (the measurement date) for the PEPRA and miscellaneous plan were 6.533% and 11.675% of annual pay, respectively. Employer contributions rates may change if the Plan contract is amended.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The District's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2017 for the year ended June 30, 2018. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. As of June 30, 2018, the District's proportionate share of the Plan's net pension liability (NPL) was $2,420,627.

Using the District's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the District by the actuary. The District's employer allocation factor for the Plan as of June 30, 2017 was as follows:

	Plan
Proportion - June 30, 2017	0.061405%
Proportion - June 30, 2016	0.061035%
Change - increase (decrease)	0.000370%

For the year ended June 30, 2018, the District recognized pension expense of $394,090. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,796	$ (40,060)
Changes in assumptions	346,933	(26,454)
Net differences between projected and actual investment earnings of pension plan investments	78,462	
Change in proportions	49,361	(9,872)
Change in proportionate share of contributions		(56,288)
Pension contributions subsequent to measurement date	199,766	
Total	$ 677,318	$ (132,674)

The $199,766 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	$ 83,085
2019	197,704
2020	110,674
2021	(46,585)

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the TPL was determined by rolling forward the June 30, 2016 TPL. The June 30, 2017 TPL amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Changes in Assumptions

For fiscal year 2016-17, the financial reporting discount rate for the Plan was lowered from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions presented in the Schedule of Collective Pension Amounts represent the unamortized portion of this assumption change.

Discount Rate

The discount rate used to measure the TPL was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans, the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety plan selected as being more at high risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The crossover test results can be found on CalPERS' website at https://www.calpers.ca.gov/page/employers/actuarial-services/gasb.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10[a]	Real Return Years 11+[b]
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

[a] An expected inflation of 2.5% was used for this period.
[b] An expected inflation of 3.0% was used for this period.

Sensitivity of the District's Proportional Share of the NPL to Changes in the Discount Rate

The following presents the District's Proportional Share of the NPL of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate – 1%	Current Discount Rate	Discount Rate + 1%
District's Proportionate Share of Plan's NPL	$ 3,773,402	$ 2,420,627	$ 1,300,418

6. OTHER POSTEMPLOYMENT BENEFIT

Plan Description

The District has established a retiree healthcare plan that provides other postemployment health, dental, and vision care benefits for eligible retired employees and their dependents through the retiree healthcare plan (the Plan). The District, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Trust (CERBT) fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by the District.

Benefits Provided

Employees who, 1) retire from the District after at least the minimum number of years of service, as specified by their contract with the District, and 2) who continue health insurance through a District-sponsored health insurance plan, will continue to pay their health insurance premium, at the same level of benefits as the retiree had at the time of retirement. The District will also continue contributing to the retirees Health Savings Account, until the retiree reaches the age of 65, after which, the retiree shall receive the Medicare Supplement insurance coverage.

Employees Covered

As of the July 1, 2017 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	15
Inactive employees entitled to but not receiving benefits	0
Participating active employees	12
Total	27

Contributions

The District provides benefits on a pay-as-you-go basis, and also makes contributions to the CERBT fund. The District's policy is to prefund their benefits from time to time at the sole discretion of the Board by accumulating assets in the CERBT. The District's employees are not required to contribute to the plan.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined using the Alternative Measurement Method with a valuation date of July 1, 2017 (June 30, 2017). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Salary Increases	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Health care cost trend rates	6.00% for 2017 and 5% for 2018 and later years

Pre-retirement mortality rates were based on the 1994 Uninsured Pensioner Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the 1994 Uninsured Pensioner Mortality for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 6.0 percent.

The CERBT offers three diversified allocation strategies. The District has elected to participate in CERBT's Strategy 3 which has the lowest long-term expected rate of return and return volatility. The following table shows the target asset allocation for employers participating in CERBT Strategy 3:

Asset Class	Target Asset Allocation
Global Equity	24%
Global Debt Securities	39%
Inflation Assets	26%
REITs	8%
Commodities	3%
Total	100%

For the year ended June 30, 2018 the annual money-weighted rate of return on investments, net of investment expense, was 3.78 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Discount Rate

Accounting standards for OPEB require a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability at June 30, 2018 is based on these requirements and the following information:

	Long-Term Expected Return on Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2017 Measurement Date	6.00%	3.13%	6.00%

Changes in the Net OPEB Liability

The changes in the Net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (TOL) (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2017 (Roll back balance at June 30, 2016 measurement date)	$ 2,572,805	$ 418,761	$ 2,154,044
Changes recognized for the measurement period:			
Service cost	119,046		119,046
Interest on TOL	151,247		151,247
Contributions—employer		286,010	(286,010)
Actual investment income		15,864	(15,864)
Benefit payments	(105,560)	(105,560)	
Administrative expense		(218)	218
Net changes	164,733	196,096	(31,363)
Balance at June 30, 2018 (Measurement date June 30, 2017)	$ 2,737,538	$ 614,857	$ 2,122,681

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Net OPEB liability	$ 2,558,186	$ 2,122,681	$ 1,782,664

Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (5.00% decreasing to 4.00%)	Health Care Trend Rate (6.00% decreasing to 5.00%)	Discount Rate +1% (7.00% decreasing to 6.00%)
Net OPEB liability	$ 1,742,538	$ 2,122,681	$ 2,615,916

OPEB plan fiduciary net position

Detailed information about the Plan's fiduciary net position is available on CalPER's website in an annual report titled "California Employers' Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, Schedule of Changes in Fiduciary Net Position by Employer". Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund's financial .

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB Trust investments	5 years
All other amounts	6.3 years, Expected average remaining service lives (EARSL) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $242,798. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 268,997	
Net difference between projected and actual return on investments	11,851	
Total	$ 280,848	$

The $268,997 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	$ 2,963
2020	2,963
2021	2,963
2022	2,962

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries insurance. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq., effective July 1, 2006. During its membership, the general and auto liability, employee dishonesty coverage, property loss, boiler and machinery, public officials' personal liability, workers' compensation coverage and employer's liability policies were in effect, with excess coverage for general and auto liability, and errors and changes of $10 million. Following is SDRMA's summary financial information as of June 30, 2017:

Total Assets	$ 111,852,055		
Total Deferred Outflows of Resources	637,936	Total Operating Revenues	$ 65,314,124
Total Liabilities	(62,077,098)	Total Operating Expenses	(67,407,021)
Total Deferred Inflows of Resources	(171,678)	Total Nonoperating income	190,728
Total Net Position	$ 50,241,215	Change in Net Position	$ (1,902,169)

REQUIRED SUPPLEMENTARY INFORMATION

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 1,004,778	$ 1,004,778	$ 1,039,722	$ 34,944
Interest earnings	500	500	1,704	1,204
Other revenue	50,000	50,000	59,099	9,099
Total revenues	1,055,278	1,055,278	1,100,525	45,247
EXPENDITURES:				
Public safety	1,426,877	1,250,043	966,720	283,323
Total expenditures	1,426,877	1,250,043	966,720	283,323
Net change in fund balance	(371,599)	(194,765)	133,805	328,570
Fund balances - beginning	1,155,251	1,155,251	1,155,251	
Fund balances - ending	$ 783,652	$ 960,486	$ 1,289,056	$ 328,570

GROVELAND COMMUNITY SERVICES DISTRICT

BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 87,371	$ 87,371	$ 90,411	$ 3,040
Interest earnings			352	352
Charges for services	1,750	1,750	1,845	95
Other revenue			10,436	10,436
Total revenues	89,121	89,121	103,044	13,923
EXPENDITURES:				
Parks and recreation	97,775	97,775	85,293	12,482
Capital outlay	42,000	42,000	48,513	(6,513)
Total expenditures	139,775	139,775	133,806	5,969
Net change in fund balance	(50,654)	(50,654)	(30,762)	19,892
Fund balances - beginning	193,087	193,087	193,087	
Fund balances - ending	$ 142,433	$ 142,433	$ 162,325	$ 19,892

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIOD ENDED JUNE 30, LAST 10 YEARS*

	2017
TOTAL OPEB LIABILITY	
Service cost	$ 119,046
Interest	151,247
Benefit payments	(105,560)
NET CHANGE IN TOTAL OPEB LIABILITY	164,733
TOTAL OPEB LIABILITY, Beginning	2,572,805
TOTAL OPEB LIABILITY, Ending (a)	2,737,538
PLAN FIDUCIARY NET POSITION	
Contributions—employer	286,010
Net investment income	15,864
Benefit payments	(105,560)
Administrative expense	(218)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	196,096
PLAN FIDUCIARY NET POSITION, Beginning	418,761
PLAN FIDUCIARY NET POSITION, Ending (b)	614,857
DISTRICT'S NET OPEB LIABILITY, Ending (a) - (b)	$ 2,122,681
Plan fiduciary net position as a percentage of the total OPEB liability	22.46%
Covered-employee payroll	$ 677,904
District's net OPEB liability as a percentage of covered-employee payroll	313.12%

Notes to Schedule:
There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2017.

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is presented.

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, LAST 10 YEARS*

	Measurement Date			
	2017	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.061405%	0.061035%	0.059813%	0.048550%
District's proportionate share of the net pension liability	$ 2,420,627	$ 2,120,274	$ 1,640,950	$ 1,199,800
District's covered-employee payroll	$ 832,387	$ 704,247	$ 909,010	$ 898,662
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	290.81%	301.07%	180.52%	133.51%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	81.15%

Notes to Schedule:

Change of benefit terms – For the measurement period ended June 30, 2017, 2016, 2015 and 2014, there were no changes to the benefit terms.

Changes in assumptions – GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changes from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses. For the measurement period ended June 30, 2016 and 2014, there were no changes in assumptions. As of June 2016 measurement date the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

GROVELAND COMMUNITY SERVICES DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30,
LAST 10 YEARS*

	Fiscal Year			
	2018	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 199,766	$ 184,529	$ 157,772	$ 96,691
Contributions in relation to the contractually required contributions	(199,766)	(184,529)	(157,772)	(96,691)
Contribution deficiency (excess)	$	$	$	$
District's covered-employee payroll	$ 819,134	$ 832,387	$ 704,247	$ 909,010
Contributions as a percentage of covered-employee payroll	24.39%	22.17%	22.40%	10.64%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.